Iowa Farm Science

Volume 25 | Number 1 Article 6

9-1970

Farm Outlook

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FARM OUTLOOK

GENERAL BUSINESS . . .

Although preliminary figures showed a small increase in real Gross National Product during the second quarter of this year, several factors point to continued softness in the economy. Business investment plans apparently have been scaled down from earlier levels and government spending has dropped back slightly. In addition, seasonally adjusted unemployment rose to 5 percent of the labor force in July, after dropping moderately during June.

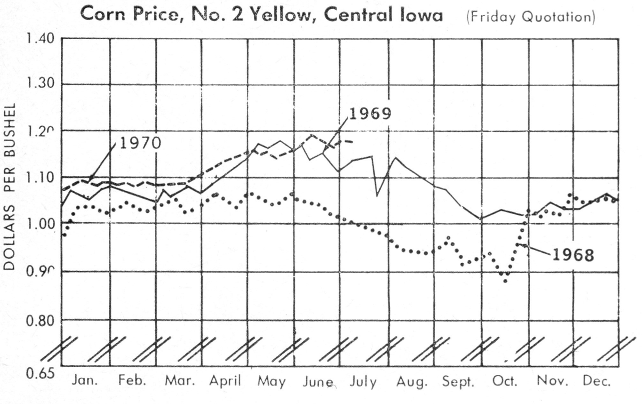
A relatively level pace of business activity now appears likely for the remainder of the current quarter, followed by some strength in the final quarter and in early 1971.

CORN . . .

Strong demand for livestock feed pushed total corn usage 8 percent above year earlier levels during the first three quarters of the current marketing year. Domestic use registered a 6 percent gain and exports were up about 25 percent from the same period a year ago.

Domestic feeding of corn is expected to continue heavy this fall and next year because of sharply expanded hog numbers and expected increases in production of other livestock and poultry. However, exports may drop slightly below year earlier levels during the fall and winter.

Corn Price, No. 2 Yellow, Central Iowa (Friday Quotation)



Combined domestic and export usage for the current marketing year ending Sept. 30 probably will total about 4.75 billion bushels. The old crop carryover probably will be about 950 million bushels, down from 1,113 million bushels on Oct. 1, 1969.

USDA's next crop report is scheduled for release Sept. 11 and will provide a forecast of 1970 production, based on Sept. 1 conditions. This information will have an important bearing on fall and winter corn price prospects.

An additional factor in the market situation this fall is a possible shortage of rail cars to move grain during harvest. If a shortage develops, it would put substantial downward pressure on prices and could create a shortage of off-farm handling and storage space—particularly in central and north-central Iowa. Farmers who have grain to sell or store off-farm should check with local elevators as soon as possible to determine whether space will be available. If space is likely to be limited, consider temporary storage facilities or contracting for harvest delivery.

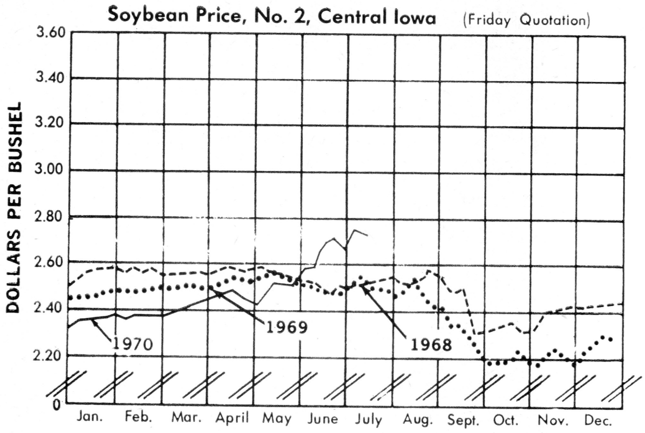
SOYBEANS . . .

Soybean utilization registered an unprecedented increase this past year. When the final figures are in, usage should total about 1.2 billion bushels—an increase of about 28 percent over the previous record set a year earlier.

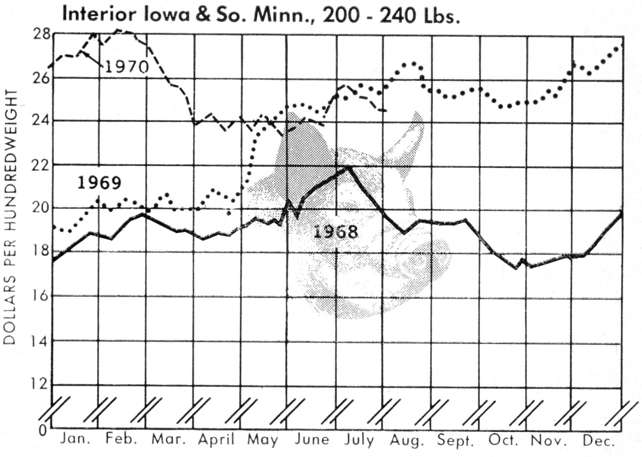
The sharp upward trend in carryover stocks has been reversed, and it appears the Sept. 1 carryover of old-crop soybeans dropped to about 240 million bushels. This would compare with last year's 324 million bushel carryover and is the first reduction in old-crop supplies since 1965.

Relatively strong demand for soybeans appears likely to continue during the coming year, although a repeat of last

Soybean Price, No. 2, Central Iowa (Friday Quotation)



Weekly Average Price of Barrows and Gilts, Interior Iowa & So. Minn., 200 - 240 Lbs.



season's phenomenal growth rate is not expected.

Two USDA reports scheduled for release this month will have an important bearing on fall and winter price prospects. The September crop report, to be released Sept. 11, will contain yield and production forecasts for the 1970 soybean crop, based on Sept. 1 conditions. And on Sept. 24, the official estimate of the 1970 soybean carryover will be released.

HOGS . . .

Hog marketings during the October-December quarter are expected to be well above a year earlier—probably by 12 to 15 percent. Volume also will be seasonally large during this period. The larger marketings will result from the increase in the March-May pig crop—estimated by the USDA in June to be up 16 percent from the previous year.

Large increases in hog supplies over last year are likely during the first half of 1971 as well. Farmers planned to farrow 17 percent more pigs in the June-November period than in 1969, the USDA estimated. And pigs born during this period will make up most of the January-June slaughter supply.

Hog prices are expected to decline seasonally during the fall and be well below 1969 levels. If hog supplies this fall are as large as now indicated, barrow and gilt prices in Iowa are likely to drop to the $18-19 range by mid-November. The market may hold in this range during the winter-early spring period, based on present indications of June-November farrowings.

The real danger period for hog producers is the last half of 1971, unless farrowings are cut back during the upcoming December-May period. With no increase in the December-May pig crop, the per capita pork supply in 1971 would still be around 69 pounds—compared with about 65 pounds in 1969 and '70.

A 5 percent increase in December-May farrowings would boost the 1971 supply to around 71 pounds per capita. This

LATEST Farm Market Information by Telephone

Slaughter Livestock Report
294-6899

Feeder Cattle News
294-4347

Grain Futures Market **294-6911**

Area Code 515 (Toll call for those outside Ames)

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would be more pork than in any year since 1952. And it would likely result in very unprofitable prices for hog producers. If low hog prices are to be avoided, the present expansion in production must be halted and December-May farrowings reduced from the previous year.

CATTLE . . .

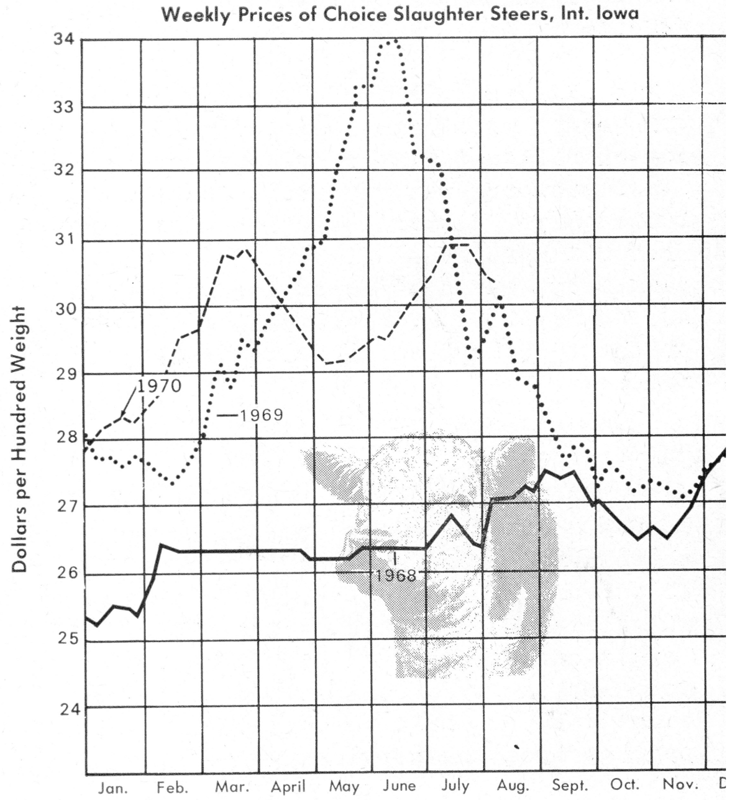
Fed cattle marketings during the October-December period are likely to be about the same as a year earlier—but down slightly from the previous quarter. Supplies of non-fed cattle will be seasonally large during the fall, but are not expected to exceed the 1969 level. Assuming marketing weights average about the same as in 1969, the per capita beef supply would be down slightly.

Fed cattle marketings may continue near 1970 levels in the early part of next year. But placements of feeder cattle are expected to be larger in late summer and fall—with a moderate increase over 1970 in fed cattle marketings likely by the spring quarter of 1971.

Good demand for beef is expected this fall, although demand may not grow as much as it did last year. Larger supplies and lower prices on both pork and poultry, compared with last year, will provide more competition for beef.

The price outlook for cattle is generally favorable for the remainder of the year—based on early August supply-demand prospects. While per capita beef supplies may be a little below last year, larger supplies of pork and poultry likely will prevent price strength on beef. It now appears the market for Choice steers in Iowa should be within the $29-31 range during the remainder of the year.

Weekly Prices of Choice Slaughter Steers, Int. Iowa



Feeder cattle supplies for fall and early winter movement are expected to be somewhat larger than in 1969. In part, this reflects estimates that the 1970 beef calf crop was about 3 percent larger than the previous year. Prices of feeder cattle are expected to show some seasonal decline this fall and average fairly close to 1969 levels. Larger calf supplies may bring a slightly narrower spread between calves and yearlings this year.

—Robert N. Wisner and Gene Futrell